IMPACT OF EMPLOYEES RETENTION PRACTICES ON ORGANIZATIONAL COMMITMENT: AN ANALYSIS OF STAR CATEGORY HOTELS OF CHANDIGARH (UT)

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Abstract

The hospitality industry is one of industry that focuses on the quality of human resource. In order to provide the good service, the hospitality industry needs qualified human resources. This is because the hospitality industry fully oriented to customer's satisfaction. The success of the hospitality industry can be seen from customer's satisfaction through the services provided by the hotel. However, there is one problems faced by hospitality, there is the employee turnover. The impact that felt because of the employee turnover are disrupting the operations of the hotel and also causing losses for the cost, time and a decrease in production and services. The questions and the purpose of this research are to determine the significant factors of the employee turnover at Hotels of Chandigarh. Referring to the concept of Santhanam et.al (2015). There are six factors about the employee turnover in hospitality industry. Those are recruitment, selection, training, performance appraisal, career growth opportunities, and salary & benefit. After determining the significant factors of the employee turnover at Chandigarh Hotels, the purpose of this research is to reduce employee turnover at Chandigarh Hotels. The researcher distributed the questionnaire to employees of three stars and above category Hotels and obtained 405 respondents. The results of the questionnaire collecting were processed by using SEM.

Keywords: Employee Turnover, Recruitment, Selection, Training, Performance Appraisal, Career Growth Opportunities and Pay & Benefit

Introduction- In new global economy hospitality is among the largest growing industries with a high labour intensive and service based operating environment in which attitude and well-being of hospitality workers are major concern in the organizations successful life.

Building organizational commitment among employees is one of the important factors for ensuring organizational effectiveness. This is because committed employees can lead to favorable organizational outcomes. The rapidly increasing competition in various markets has urged organizations to focus on their employees and ensure their commitment at workplace. Organizational commitment is considered as one of the foremost important goals of any organization in order to maintain its existence and survival.

The growth of any industry depends on the skill set of his human resources and the travel industry isn't an exemption. The travel industry is work oriented industry, which induct talented, semi-talented and untalented people directly or indirectly to create the work force. The energetic workforce with dynamic administration, responsive government and dependable society are the mainstays of the travel industry. Customarily, the work has been viewed as a region that is receptive to changes in the complete business climate. There is a broadly acknowledged supposition that the job of individuals inside associations is needed to change and create in light of improvements in business sectors, items and innovation. The vast majority of the travel industry organizations perceived this supposition and start organizing & backing human asset for preparing, improvement and development. This is acceptable only when the outside work market agrees to these changing measurements.

The requirement of employees exponentially increases with the capacity of hotel, larger hotels requires more staff than medium or smaller hotels. Bigger hotels such as four and five star hotels employ on an average 174 people per 100 rooms, as compared to 122 in smaller or medium class hotels such as One, Two & Three Star Hotels and 58 in the unorganized sector. Five and Four Star Hotels employ personnel having Bachelor or Master Degree in hotel management, especially at managerial and supervisory cadres in all four major departments. Even in kitchens, trend has been changed and hotels are recruiting employees having certification in culinary arts. While in medium and smaller properties such as Three, Two and One Star Hotels, majority of the managers and supervisors hold either a hotel management degree/diploma or certification from Food Crafts Institutes. But at junior positions, these hotels usually hire simple graduates and even sometimes 12 grade pass outs. In unorganized

hospitality sector, only a couple of the managers have a hotel management degree/diploma. Most of the employees come under unskilled category. Almost 80% of the employees working in key areas of bigger hotels are young basically under 40 years of age. In the smaller hospitality organizations, over half are under 30 years old.

As mentioned in the *Study on Employment Level and Skill Gap analysis in Hospitality and Allied Sectors (Ministry of Tourism, Government of India, November 2019), t*he estimated total employment for 2018, estimated total employment for 2022 and estimated total employment for 2025 is presented below.

All Categories of Hospitality Establishment	Estimated Manpower Employed	Estimated Attrition (including Retirement)	Estimated Manpower Requirement (including Attrition)
2018	78,08,555	115,71,017	**80,65,453**
Estimated for 2022	95,44,738	3,32,921	**98,77,659**
Estimated for 2025	**115,71,017**	**4,26,742**	119,97,759

*The estimated demand-supply gap for 2018is26lakhs,for 2022 is 8Lakhs and for 2025 is 10.94Lakhs.

Source:http://tourism.gov.in/sites/default/files/2020-
04/MOT%20Skill%20Gap%20Final%20Report%2015122019.pdf

S. No	Segments	2018	2022	2025
a.	Total Employment	78,08,555	95,44,738	**1,15,71,017**
b.	Additional Annual Manpower Requirement(current Year employment minus previous year employment)*	23,39,555	5,45,566	**7,62,245**
c.	Estimated Annual Attrition	2,56,898	3,32,921	**4,26,742**
d.	Annual Demand for Manpower(b+c)	25,96,453	8,78,487	**11,88,987**
e.	Trainersrequired(36studentsaretrainedby1teacher/trainer-fromSamplestudy)	72,124	24,402	**33,027**
f.	Total Annual Demand	26,68,577	9,02,890	**12,22,015**
g.	Total Supply(including attrition)	65,879	84,128	**1,27,941**
h.	**Demand Supply Gap(f-g)**	**26,02,698**	**8,18,762**	10,94,074

*For2018, the data of total employment in 2016-17at54.69lakhs,from Market Pulse Report on "Study to Assess the Requirement of Manpower in Hospitality and Travel Trade Sector issued.

Source:http://tourism.gov.in/sites/default/files/2020-
04/MOT%20Skill%20Gap%20Final%20Report%2015122019.pdf

Estimation of Manpower Requirement in India in2022

Estimated Manpower in India – 2022			
Category of Hospitality Establishment	Estimated Manpower Employed @ 2022	Estimated Attrition (including Retirement @ 2022	Estimated Manpower Requirement (including Attrition) @ 2022
Accommodation	3399842	176036	3575878
Restaurants	1774497	120549	1895046
Tour and Travel Operator	180436	22674	203110
Spa and Wellness Units	85155	7388	92543
Banquet Halls	89894	6276	96170
Highways-Dhabas	4014914		4014914
Total	**9544738**	**332921**	**9877659**

Present hotel personnel's are particularly not quite the same as they were five (or even three) year's back, with regards to their professional development, and their willingness to adjust as per the need of the career requirement. It has become very challenging for HR Managers to find and retain good employees due to the unique nature of the hospitality industry. Due to many competitors in hospitality industry turnover becomes a big challenge and hotels have realized the importance of valuable employee in an organization. (Lockyer, 2007).The hotel industry is not able to retain good employees due to lot of openings in various other service sectors. In other service segments there is a great demand of hotel professionals because of their talent and experience in dealing customers. They are offering lucrative packages to these people and because of this hotel are no longer the only career choice. We can say that the hospitality industry is facing genuine danger from other service industries: those are offering better comparative remuneration, a superior work-life balance, better work culture, and faster career growth. Loosing manpower within the industry is undeniable issue and of a great concern. This scarcity is being felt across all levels of staff and management now, and across all departments. On the basis of a recent study about 85% of all management level employees across hotel chains in India are not happy, and are waiting for the right opportunity to move out. In present scenario, the hospitality industry's biggest challenge would be to source the requisite talent and to retain it.

The process of replacing an existing employee with new employee is called turnover. (Brotherton. B. 2010).It is very clear that high attrition rate of employee turnover have negative impact on the hospitality industry, it is not only in terms of cost but also impact guest satisfaction level, organizations productivity and also the employee morale .Employee turnover increases the cost of expenses in the form of advertising, interview time,

administration, training and supervision. (Mullins 1995).For the success of organization, it is important that the causes of employee discontent should be addressed. Retaining the employee in the above is worth at a mammoth investment by the organization. The organization may want to consider what could be done to retain employee i.e. to increase salary, provide a bonus, vacation, etc. This may be too simplistic because the organization would have to pay all the employees more money, which may not be possible.

Literature Review

Employees are one of the most important assets of any organization. In order to strive in today's competitive market, an organization needs to retain, attract and hold employees who are talented and also side by side need to train them to upgrade their skills so that they can become future managers, for that management require framing of proper channel to manage talent .Managing talent is actually framing of policies and strategies to upgrade the productivity of the work environment by growing better cycles for pulling in, holding and building up the greater part of a person's talent to fulfil the present and future objectives of the organization.

Retaining employees is a significant factor in organizations' talent management strategies to reduce turnover (Narayanan, Rajithakumar, & Menon, 2019). For HRM policies and practices to be effective, they should take account of the ER factors. This study supports Gani et al.'s (2020, p. 144) definition of retention factors: 'Retention practices are those organizational context factors that influence an employee's choice to continue to work for an organization or to leave the organization'.

Kumar, P & Gupta, S.K. (2014) state that HR Policy in hospitality industry has various aspects for improvements. Certain hotels have more faith on recommendation and word of mouth of employees who are working while some follows a formal procedure to engage employees.

For an organization to develop effective retention approaches, it is essential to first identify the reasons for high labour turnover. Based on a study done by Ezeuduji and Mbane (2017) conducted in Cape Town, South Africa, researchers associate the causes for high staff turnover in the hospitality sector are: viewing compensation as being low when measured against their work, minimal growth opportunities, inadequate work engagement, poor labour relations and long working hours. In another research undertaken in the Iranian work environment (Karatepe et al.,2014) discovered that flawed human resource practices,

accompanied by nepotism and high employee turnover, were some of the most significant problems. Kushivan (2003) views lack of fairness in the distribution of remuneration as one of salient causes of clashes between employers and their workers. Monetary rewards are found to be very applicable to hospitality workers as these jobs are usually related with low salaries and lowest tangible benefits (Nasurdin et al., 2015).

It has been observed that age, gender and service span is related to job satisfaction in the hospitality industry (Kara, et al., 2012). The employers look for talented and skilled personnel for the enduring stay in the organization, but with the personal and impersonal issues employees leave them, which directly means a sense of dissatisfaction (Jehanzeb, et al., 2015).Talent management is an additional management process and opportunity that is extended to an employee in the company who is believed to be 'talented' (Ashridge consulting, 2007; Likierman, 2007). A human resource personal can use talent management as a forecasting tool to manage the workforce. Managing talent is actually identifying, enlargement, appointment/ retention, attraction and employment of those individuals who are of fastidious significance for an association as they are fulfilling operational jobs or they hold high potential for future business (Mc Cartney, 2006; Cappell, 2008). A latest research has shown that 85% of Human Resource Managers accepted that the "only major challenge in employee management is creating or maintaining their company ability to compete for talent "(Kehinde, 2012). As per SHRM's Survey Report (2006) on talent management, 53% of companies responded that they have meticulous talent management ideas in lieu. Amongst these organizations, 76% consider that managing talent is high end precedence. Additionally, 85% of Human resource personnel's in these organizations act together with management to put into practice the talent management ideas.

However, all organizations do not describe talent in a similar manner. Worldwide business tactic needs configuration of employees, along with talent management schemes. To begin with, categorize the senior managers with expertise in their field and then develop the talent pool by implementing different development program for upcoming managers as per the level of seniority and experience in the organization and make sure that the organization will have a solution to retain its talented employee (Gakovic& Yardley, 2007).

Research Gap Analysis

The hotel industry faces the challenge to recruit and retain the best talent due to highly competitive environment. High turnover in the industry is a universal pattern, due to the

industry short-sighted in human resource management practices. Various studies have been done on employee retention but this study is restricted to star hotels of Chandigarh. It will be interesting to compare retention strategies among various categories of hotels of this region as Geographical location, Mentality, religion, politics and other factors could possibly affect the employee retention practices in the hotel industry,   This study will help researchers to simplify the limitations in application of employee retention practices in hotel industry, and suggest a hypothetical framework that could assist hotel managers to retain their employees.

Objectives of the Study

1. To study the relationship between employee retention strategies and organizational commitment.

2. To identify the factors influencing employee retention strategies in star category hotels of Chandigarh.

3. To examine the impact of retention practices on organizational commitment in star hotels of Chandigarh.

Research Methodology

The research was carried out at star category hotels such as five stars deluxe, five stars, four star and three star hotels belonging to different hotel groups. The data was collected through distributing questionnaire to the employees of the hotels. An exploratory research design was followed to carrying out this study. The Interpreted primary data was collected on the basis of field investigation in selected hotels of Chandigarh and primary data was based on questionnaire and field survey. The Universe/Population of the study area was Chandigarh. The hotels were selected on the basis of 3-star and above classification. The Sample Size is 405 units. The data was collected on the basis of Stratified random sampling.

Sampling Plan

Universe: The study will be confined to Chandigarh. Chandigarh being the capital of Punjab and Haryana, having Government offices, corporate offices, world class hospitals, International airport and other tourist destination, the Chandigarh expects arrival of more foreign as well as domestic tourists, leading to setting up of considerable number of hotel which requires pool of talented employees to provide world class service to guests.

Sample Design:

Cluster based multi stage sampling will be used in the study.

Stage One: Selection of Hotels: At this stage category wise cluster of hotels shall be under taken.

From each hotel on the basis of quota (minimum 10 employees) will be selected.

Stage Two: Selection of Respondents: On the basis of convenient cum judgement basis.

- From each hotel on the basis of quota employees will be selected. The exact number shall be identified after seeing number of hotels to ensure that the total sample size shall be above 384.
- As per slovin's formula, if population is infinite then minimum 384 samples must be there.

slovin's formula

$$n = \frac{N}{1 + Ne2}$$

n = Sample Size

N= population Size

e= margin of error

Method of data collection:

a. **Primary Data:** To collect primary data, questionnaire will be prepared for employees working in four major operational departments of the hotel.

b. **Secondary data:** It will be collected from research reports, magazines, articles, internet and journals, related books, so as to find out the background of this study and to understand the increase in attrition in recent years.

Statistical Tools and Methods used in the Study:

Some statistical tools will be used in order to analyse primary data, which will include the following:

1. Factor analysis
2. Frequency Tables
3. ANNOVA
4. T-Test
5. Chi-square

In order to complete the research objective, for interpreting results and to know the reality behind the responses of the respondents, quantitative research methodology is used.

Data Analysis of Organisational commitment in Chandigarh Hotel Industry

While analysing the validity and reliability of the constructs of factors of work environment & job satisfaction enhancing retention of employees, items of the construct **work environment** has been drooped because their factor loading is less than .5 and secondly the Average Variance Extracted (AVE) and Composite Reliability (CR) were less than 0.5 and 0.7 respectively and didn't satisfy the criterion of validity suggested by Hair et al (2020). In Another construct **Job satisfaction** only those items that are having factors loading greater the .5 are used. The Average Variance Extracted (AVE) and Composite Reliability (CR) for these items were 0.56 and 0.86 respectively and satisfy the criterion of validity suggested by Hair et al (2020). However three items i.e. (b), (f) and (h) were deleted because their factor loading is less than 0.5 and didn't fulfill the criterion suggested above. All the items of third construct **Personal satisfaction** are accepted as all are having factors loading greater than .5 and the Average Variance Extracted (AVE) and Composite Reliability (CR) for the construct is 0.77 and 0.93 respectively and fulfill the criterion suggested by Hair et al (2020). The **Cronbach's Alpha** for all the used constructs is greater than 0.7, indicating that all the constructs are reliable for the validity. Hair et al.,(2020).

While analyzing the validity and reliability of the constructs in context of implementation of human resource policy directly affecting employee retention, the first construct **HR. policy on communication** and its different items are found suitable for validity and reliability as all the items are having factor loading greater than .5 and the Average Variance Extracted (AVE) and Composite Reliability (CR) are 0.76 and 0.94 respectively and satisfy the criterion of validity suggested by Hair et al (2020). All the items of second construct **HR Personnel** are accepted as all are having factors loading greater than .5 and the Average Variance Extracted (AVE) and Composite Reliability (CR) for the construct is 0.76 and 0.92 respectively and fulfill the criterion suggested by Hair et al (2020).In third construct **Recruitment and Selection** only those items who are having factors loading greater the .5 are used. The Average Variance Extracted (AVE) and Composite Reliability (CR) for these items were 0.52 and 0.89 respectively and satisfy the criterion of validity suggested by Hair et al (2020).

While analyzing the validity and reliability of the constructs in context of Salary, monetary reward and compensation role in employee retention. Both the construct and its items were taken as it is. As all the items are having factor loading greater than .5 The Average Variance

Extracted (AVE) and Composite Reliability (CR) for first construct **Salary &monetary reward** is 0.54 and 0.89and for second construct **Compensation** is 0.73 and 0.91 respectively. The **Cronbach's Alpha** for both the constructs is greater than 0.7, indicating that all the constructs are reliable as suggested by Hair et al.,(2020).

While analyzing the validity and reliability of the constructs in context to Motivation and Career Opportunities help in employee retention. all the items of the construct **Worker's participation in following management decisions** are found reliable as all are having factor loading greater than .5 and the Average Variance Extracted (AVE) and Composite Reliability (CR)is 0.76 and 0.90 respectively, the Cronbach's Alphais 0.85 indicates that the construct reliable as suggested by Hair et al. (2020). The items of second construct **Welfare Measures** are drooped as all are having factors loading is less than .5 and didn't fulfill the criterion suggested by Hair et al. (2020). The third construct **Career Opportunity within organization** fulfill the desired criterion for reliability as all the items are having factor loadings more than .5 and Average Variance Extracted (AVE) and Composite Reliability (CR) is also 0.54 and 0.90 respectively. The items of fourth construct **Career Opportunity beyond the organization** are drooped as all the construct are having factors loading less than .5 and didn't fulfill the criterion suggested by Hair et al. (2020).

While analyzing the validity and reliability of the constructs in context of Training, this proves efficiency and effectiveness in Employees Performance in Hospitality Industry 7 items of the construct **Training** i.e. (c),(g),(I),(j),(n),(o) and (q) were drooped because their factor loading were less than .5 and didn't full the desired criteria. For Rest of the items of construct the Average Variance Extracted (AVE) and Composite Reliability (CR) is 0.54 and 0.92. The Cronbach's Alpha for the construct is 0.90 which full fill the criterion for reliability as suggested by Hair et al. (2020).

While analyzing the validity and reliability of the constructs in context In context of Employee retention practices for achieving Organization commitment,7 items of the construct **Formulation and implementation of HR strategies for Organizational commitment** i.e. (b),(c),(g),(i),(m) and (n) were drooped because their factor loading is less than .5 and didn't full the desired criteria. For Rest of the items of construct the Average Variance Extracted (AVE) and Composite Reliability (CR) is 0.53 and 0.91. The Cronbach's Alpha for the construct is 0.89 which full fill the criterion for reliability as suggested by Hair et al. (2020).

Conclusion

The study attempted to measure Human Resource management policies adopted by Hotel Industry in Chandigarh. The study suggests that Chandigarh hotel industry has positive impact of Human Resource Policies and Strategies adopted by them on the commitment of various categories of employees working in three stars and above hotels of Chandigarh. In the research study says that about the satisfaction of employees in Chandigarh hotels and their organizational commitment which provides better service performance, which paves the way profitable performance of Chandigarh hotel industry.

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